  
USDAO MOSCOW USSR  
% Department of State  
Washington, DC 20521

W  
11 April 1974

Dear General Walters:

Now that I'm back in Moscow, and feeling, in some ways, as though I had never left, I should like to express appreciation for the considerable time that I was able to spend with you, both at dinner and in your office.

Recalling your interest in the Soviet budget process, I should like to invite your attention to two reports:

*HAVE REQUESTED COPIES OF THESE FOR YOU. MAF*  
a. A message IR done by CDR Manthorpe while I was in Washington, Conf. IR 6 901 0294 74, message number 525, DTG 011426Z April 1974.

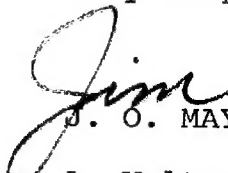
b. An in depth analysis of Soviet economics and budgeting done by Lt Col Odom, IR 6 901 0475 74 of August 1973.

You can read the message IR in five minutes; Odom's report requires half an hour for digesting. Believe you would find both of them worth requesting. Odom plans a follow-on report further developing the Manthorpe message, and I will ensure that a copy goes directly to you.

DIA review(s) completed.

June joins me in wishing you continued good health and the greatest of success in your very important assignment.

Very respectfully,

  
J. O. MAYO

Lieutenant General Vernon A. Walters  
Deputy Director  
Central Intelligence Agency

Copy to: Major General Samuel V. Wilson  
Deputy Director for Attache Affairs  
Defense Intelligence Agency

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MSGNO 17136153Z EPC642AAA481  
RR RUEATIE  
DE RUEKJCS #9398 0911782  
ZNY CCCC 17137:017 C  
R 011722Z APR 74  
FM JCS  
INFO RUEHC/SECSTATE WASH DC  
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RUEADWW/WHITE HOUSE WASH DC  
RUEADWD/CSA WASH DC  
R 011426Z APR 74  
FM USDAO MOSCOW  
TO RUEKJCS/DIA WASHDC  
INFO RUEKJCS/ODD WASHDC//ISA//  
RUSNAAA/USCINCPAC WASHINGTON GER//J2//  
RUSNAAA/CNO WASHDC//DP-009C//  
RUEOLKN/COMNAVINTCOM ALEX VA  
RUCONBA/CINCSNAVEUR LONDON ENG//N2//  
BT  
EZ11  
C O N F I D E N T I A L NOFORN EX UK/CAN 525 APR 74  
EZ21  
FROM USDAO MOSCOW 1155R  
THIS IS IR 6 901 0294 74  
1. USSR  
2. (U) CONVERSATION WITH ADM YASHIN (RET)  
3. NA  
4. MAR 74  
5. MOSCOW, USSR 29 MAR 74  
6. F-6  
7. CONVERSATION WITH ADM YASHIN (RET)  
8. 6-901 0294 74  
9. 1 PAR 74  
10. 7 PAGES  
11. DIRM: 164A, 1F, 1M2, 1K4C, 4A, 1CR: N-430-92545,  
C-SR-3-57381, D-SF3-30251; USDAO MSG IR 6-901-0278-74 DTG  
271313Z MAR 74,  
12. USDAO MOSCOW USSR  
13. W.H.J. MARTHORPP, JR, CDR, USN, ASST NAVAL ATTACHE  
14. D.L. PRITCHARD, COL, GS, ACTING DATT  
15. (CNFD EX UK/CAN) TEXT: A. (C) SUMMARY, IF REPORTS  
STATEMENTS OF RETIRED ADM ON (1) RETIREMENT OF SENIOR OFFICERS,  
(2) SOVIET BUDGET PROCESS AND NAVAL BUDGET PROBLEMS, (3) NUCLEAR  
SECOND STRIKE, (4) ADM GERSHKOV'S DEATH.  
B. (CNFD BY UK/CAN) BACKGROUND: ON 29 MAR 74 WAS GUEST AT  
LUNCHEON GIVEN BY UNAPPROACH (RETT) AND HNS. BORIS D. YASHIN,  
UKRA/UKRA, BUSY AS GRACIOUS HOSTS, PERMITTED ADM TO MONOPOLIZE PRE  
POST LUNCHEON CONVERSATION WITH ADM WHO RESPONDED YIELDING  
AND POSED NO QUESTIONS HIMSELF. ADM YASHIN IS FORMER EDV  
NAV ATT TO WASH/LONDON, RETIRED SINCE EARLY 1972. HE IS CURRENTLY  
EMPLOYED 6 DAYS PER WEEK AS "SENIOR RESEARCHER ON U.S. NAVAL POWER  
AND STRATEGY" BY USA INSTITUTE. HE DESCRIBES DUTIES AS  
HEADING ALL U.S. MATERIAL AVAILABLE (FAVORITES, COND RECORD, SEARCHER  
MAG, NAV INST PROC) IN ORDER TO PROVIDE "OUR STRATEGISTS" WITH  
ACCURATE DEFINITIONS OF U.S. STRATEGIC TERMS. "IN OTHER WORDS, TO  
ABLY DESCRIBE WHAT YOU MEAN WHEN YOU SAY 'CONTROL OF THE SEA', ETC  
C. (C) ON RETIREMENT OF SENIOR OFFICERS, INTRODUCTIONS LED  
NATURALLY TO THIS TOPIC. ADM CONFIRMED THERE ARE TWO CATEGORIES OF

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 RETIRED OFFICERS "ZAPASA" (OF RESERVE), "B OTSTAVKE" (IN RETIREMENT).  
 THE PENSION IS SAME FOR BOTH. DURING "ZAPASA", HOWEVER, THE OFFICER  
 IS PERMITTED TO HOLD ANOTHER JOB AND MUST CONTINUE HIS MILITARY  
 "UCHYDBA" (STUDIES). WITH REGARD TO WORK, ADM VAID, IF ONES JOB  
 PAID TOO MUCH ONE LOST SOME PENSION. THUS, HE ONLY WORKS  
 3 DAYS PER WEEK FOR MODEST SALARY. HE INDICATED OFFICERS IN  
 ZAPASA MUST ATTEND MONTHLY MEETING, AS "UCHYDBA", AT THEIR LOCAL  
 RAYON "VOYENNY KOMMISSARIAT". BECAUSE OF HIS RANK, HOWEVER, AND  
 BECAUSE HE WOULD RATHER NOT GO TO A LARGE MEETING "WITH ALL THOSE  
 OLD SOLDIERS" HE ATTENDS A MONTHLY MEETING AT THE MAIN NAVY STAFF AS  
 DO "SOME" OTHER RETIRED ADMIRALS. SOMETIMES "IN THE CHAIR" AT SUCH  
 MEETINGS ARE HIS OLD CLASSMATES, ADM AMELKO AND ADM ALEKSEYEV. HE  
 ALSO USES THIS AS OPPORTUNITY TO TALK WITH OTHER FRIENDS ON ACTIVE  
 DUTY WITH MNS. COMMENT (C) THUS, ADM YASHIN AND OTHER RETIRED  
 ADMs, HAVING ACCESS TO NAVY POLICYMAKERS, ARE PROBABLY AWARE OF  
 DEVELOPING NAVY POLICY AND PROBLEMS.  
 D. (C) ON SOVIET BUDGET PROCESS. RO HAD CHOSEN THIS AS TOPIC OF  
 DAY AND PURSUED SUBJECT DOGGEDLY FOR 45 MINUTES AFTER LUNCH. AFTER  
 RO INTRODUCED SUBJECT AND MENTIONED INTERSERVICE RIVALRY OVER  
 BUDGET ALLOCATIONS, ADM COUNTERED "THERE ARE NO DISPUTES" AND  
 DESCRIBED FUND ALLOCATION PROCESS AS CARRIED OUT BY "SUPREME MILITARY  
 SOVIET" IN RATIONAL AND AMICABLE FASHION, AS RO EXPRESSED DISBELIEF,  
 ADM ADMITTED SOME QUESTIONS HAD TO BE REFERRED TO "SUPREME SOVIET"  
 FOR RESOLUTION. WHEN RO ASKED ABOUT EXPERTISE OF SUP. SOV TO MAKE  
 SUCH DECISIONS, ADM SAID HE MEANT "AN EXECUTIVE COMMITTEE" OF SUP  
 SOV CONSISTING OF "CIVILIANS", ASSISTED IN MAKING DECISIONS BY "THE  
 COMMITTEE FOR SCIENCE AND TECHNOLOGY" AND "STRATEGISTS". RO  
 ADMIRED IDEAL PROCESS BUT QUESTIONED IF USSR WAS SO RICH THAT IT  
 COULD DEVELOP ALL WEAPONS THAT WERE TECHNICALLY FEASIBLE AND  
 STRATEGICALLY DESIRABLE, ESPECIALLY WITH SLOW USSR GROWTH RATE,  
 NEED MEET CONSUMER DEMAND AND PLANS FOR VAST NEW AGRICULTURAL  
 DEVELOPMENT. YASHIN REPLIED THAT "ECONOMIC EXPERTS OF OUR LEADING  
 PARTY" DECIDE HOW FUNDS ARE ALLOCATED IN SUPPORT OF PARTIES PROGRAM.  
 "GOVT EXPERTS" DECIDE WHAT CAN BE DONE WITHIN FUNDS ALLOTTED "TO  
 INDUSTRIES" FOR MILITARY. HERE HE GRATUITOUSLY POINTED OUT THAT  
 IN USSR NO MILITARY-INDUSTRIAL COMPLEX WAS PUSHING MILITARY TO BUY  
 MORE WEAPONS. HE SAID "EACH INDUSTRY" AND "MOST FACTORIES" HAVE A  
 CIVILIAN AND MILITARY PLAN TO FULFILL AND IF MILITARY FUNDS SHRINK  
 AND CIVILIAN INCREASE THEY SIMPLY SHIFT THEIR PRODUCTION. WHEN  
 RO ASKED IF, THEN, ARMED FORCES DIDN'T PRESSURE INDUSTRY TO EMPHASIZE  
 THEIR PROGRAMS AT EXPENSE OF CIVILIAN PROGRAMS WITHIN FUNDS AVAIL-  
 ABLE TO INDUSTRY, ADM REPLIED "GENERAL STAFF HAS NO CONTROL OVER  
 INDUSTRY". TO RO'S REPHRASING OF EARLIER QUESTION, ASKING IF  
 PERCENT OF SOV BUDGET DEVOTED TO MILITARY WAS GETTING  
 SMALLER, YASHIN AGAIN REPLIED INDIRECTLY BUT MORE USEFULLY. HE SAID,  
 "ONCE (SOVIET) NAVY WAS ABLE TO SAY, U.S. HAS THREE SUBS  
 SO WE NEED SIX SUBS OR EVEN, U.S. HAS 15 AIRCRAFT CARRIERS  
 THEREFORE WE NEED CARRIERS, NOW IT IS MORE DIFFICULT FOR NAVY  
 TO GET SUBS OR AIRCRAFT CARRIERS. THE SUPREME SOVIET NOW  
 ASKS WHY." RO PRAISED ADM GORSHKOV'S ABILITY TO GET FUNDS  
 IN PAST AND ASKED: NOW THAT IT IS HARDER TO GET FUNDS WOULDN'T THERE  
 BE INTERSERVICE RIVALRY FOR LIMITED FUNDS? TO A FIRM "NO" FROM  
 YASHIN, RO SAID IT LOOKED TO HIM LIKE ADM GORSHKOV'S RECENT ARTICLES  
 WERE THE BEGINNING OF AN EFFORT TO CONVINCE THE SUPREME SOVIET OF  
 THE IMPORTANCE OF THE NAVY AND, THUS, GET LARGER SHARE OF FUNDS.  
 STILL PLEASANT, BUT TAKING RO FIRMLY BY THE ARM AND STEERING HIM  
 TOWARD THE LADIES, YASHIN CONCLUDED THE CONVERSATION SAYING, "I  
 AM NOT SURE, BUT IT SEEMS TO ME THAT ADM GORSHKOV IS NOT GETTING  
 ALL THAT HE WANTS, BUT UNDERSTAND THAT IN OUR SYSTEM ALL OUR  
 MILITARY LEADERS RECOGNIZE THE LEADERSHIP OF THE PARTY AND IT IS  
 EASIER TO SAY: COMRADE GORSHKOV, HERE IS YOUR PORRIDGE, GO SIT IN

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 THE CORNER AND BE QUITE." COMMENT (C): IN LIGHT OF YASHIN'S  
 CONTACT WITH MAIN NAVY STAFF AND RAPID CONCLUSION OF  
 CONVERSATION, RO BELIEVES THIS LAST QUOTED STATEMENT IS ACCURATE  
 REFLECTION OF CURRENT SOV NAVY BUDGET SITUATION.  
 E. (C) ON NUCLEAR STRIKE. DURING DIGRESSION IN CONVERSATION, YASHIN  
 MADE USUAL SOVIET STATEMENTS OF KNOWING HORRORS OF WAR, NOT "ANY"  
 ING WAR AND PROFESSED THAT SOVIET UNION WOULD NEVER INITIATE  
 NUCLEAR WAR. HE SAID EVEN IF USSR HAS "5 MISSILES" COMING THEIR  
 WAY THEY WOULD PICK UP HOTLINE AND SAY "MR. NIXON, WHAT'S HAPPENING?"  
 IF THEY SAW "HUNDREDS OF MISSILES", HOWEVER, THEN "SIDE B, AS WE  
 SAY" WAS THE "RIGHT, THE MORAL REQUIREMENT" TO STRIKE BACK AT  
 CITIES SINCE "THERE IS NO USE IN SHOOTING AT EMPTY MISSILE SITES."  
 P. (C) ON ADM GORSHKOV'S DACHA. IN RESPONSE TO ICR N-HQ-32945,  
 ADM GORSHKOV HAS DACHA ON RIVER AT ZHUKOVKA (5544.4N/3716.0E) NEAR  
 ARKHANGELSKOYE WEST OF MOSCOW. HE IS ONLY RESIDENT PERMITTED TO  
 MAINTAIN A BOAT ON RIVER IN AREA FROM WHICH MOSCOW DRINKING WATER  
 COMES. COMMENT (C): AREA CLOSED TO DIPLOMATIC TRAVEL. END COMMENT.  
 X005-3 INDEF.

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| 1  | Nancy            |              |                |
| 2  | GEN WALTERS      |              |                |
| 3  |                  |              |                |
| 4  |                  |              |                |
| 5  |                  |              |                |
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| COMMENT  |                  | FILE         | RETURN         |
| CONCURRENCE  |                  | INFORMATION  | SIGNATURE      |
| Remarks:   |                  |              |                |
| Have attached the IR message from Moscow you had called about; however, the IR Report #6 has not been published yet. Will send you a copy as soon as we have it. |                  |              |                |
| FOLD HERE TO RETURN TO SENDER  |                  |              |                |
| FROM: NAME, ADDRESS AND PHONE NO.  |                  |              | DATE           |
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